

CHESANING-BRADY
JOINT BUILDING AUTHORITY

FINANCIAL STATEMENTS
AND AUDITORS' REPORT

MARCH 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Chesaning-Brady Joint Building Authority	County* SAGINAW	Type* AUTHORITY	MuniCode* 73-7-526
Opinion Date-Use Calendar* Aug 27, 2008	Audit Submitted-Use Calendar*	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies?
	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> ?	\$ 47,000.00
General Fund Expenditure:	<input type="checkbox"/> ?	\$ 710,226.00
Major Fund Deficit Amount:		\$ 0.00

General Fund Balance:	<input type="checkbox"/> ?	\$ 22,167.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ?	\$ 1,005,000.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Lori	Last Name* Chant	Ten Digit License Number* 1101020651		
CPA Street Address* 217 N Washington St	City* Owosso	State* MI	Zip Code* 48867	Telephone* +1 (989) 723-8227
CPA Firm Name* Demis & Wenzlick, P.C.	Unit's Street Address* 1632 Brady Street	Unit's City* Chesaning	Unit's Zip* 48616	

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CHESANING-BRADY JOINT BUILDING AUTHORITY
LIST OF APPOINTED OFFICIALS
MARCH 31, 2008

COMMISSION

Jack Barrett	Trustee
Ray Radosa	Trustee
Jeff Roy	Vice Chairman
Daniel Ryan	Chairman

ADMINISTRATIVE OFFICERS

Sherry Parker	Secretary/Treasurer
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DEMIS and WENZLICK, P.C.

Certified Public Accountants

James Demis, Jr., C.P.A.
LaVearn G. Wenzlick, C.P.A.
Lori S. Chant, C.P.A.
Geraldine Terry, C.P.A.

217 N. Washington Street
Pabst Building, Suite 201
Owosso, MI 48867

989-723-8227 • FAX 989-725-5143
E-MAIL office@dw-cpa.com

Tracy Bublitz
Vickie Clayton
Carol Demis
Jeannette Gaitskill
Kathy Kimmerer
Erica Marks
Janis Mead
Tammy Pappas
David Pullen
Dean Roach
Vicki Schuler
Joyce Simmons
Barbara Wenzlick
Bruce Wenzlick

INDEPENDENT AUDITORS' REPORT

Members of the Commission
Chesaning-Brady Joint Building Authority
Chesaning, Michigan

We have audited the accompanying financial statements of the Chesaning-Brady Joint Building Authority, a component unit of the Chesaning-Brady Fire Administrative Board, as of and for the year ended March 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Chesaning-Brady Joint Building Authority, a component unit of the Chesaning-Brady Fire Administrative Board as of March 31, 2008, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 27, 2008 on our consideration of the Chesaning-Brady Joint Building Authority's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison schedule as identified in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chesaning-Brady Joint Building Authority's basic financial statements. The accompanying other supplemental information listed in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dennis and Wenzel, P.C.

Certified Public Accountants

Owosso, Michigan
August 27, 2008

CHESANING-BRADY JOINT BUILDING AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Chesaning-Brady Joint Building Authority (the Authority's) financial performance and position, providing an overview of the activities for the year ended March 31, 2008. This analysis should be read in conjunction with the Independent Auditors Report and with the Authority's financial statements, which follow this section. The fiscal year ended March 31, 2008 represents the second year the Authority has reported under the provisions of the Governmental Accounting Standards Board (GASB) No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as amended by GASB Statement No. 37 Basic Financial Statement and Management's Discussion And Analysis for State and local Governments – Omnibus and Statement No. 38 Certain Financial Statement Note Disclosures. This discussion and analysis does not provide comparisons with previous years.

Financial Results

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2008:

- The Authority received the balance of proceeds from the sale of Bonds to construct a new fire station. The amount received was \$659,000.
- The fire station was completed with a final cost of \$72,000 for the land and \$1,403,555 for the building.

Using this Annual Report

This annual report consists of a series of financial statements. The state of net assets and the statement of activities provide information about the activities of Chesaning-Brady Joint Building Authority as a whole and represent a longer-term view of the Authority's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of provide government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of Chesaning-Brady Joint Building Authority in more detail than the government-wide financial statements by providing information about the Authority's most significant funds.

CHESANING-BRADY JOINT BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Authority as a Whole

The following table shows, in a condensed format, the net assets of the Authority as of March 31, 2008:

Current Assets	\$ 22,167
Capital Assets	<u>1,452,162</u>
Total Assets	<u>\$ 1,474,329</u>
Current Liabilities	\$ 31,820
Long Term Liabilities	<u>1,005,000</u>
Total Liabilities	<u>\$ 1,026,820</u>
Net Assets	<u><u>\$ 447,509</u></u>

The following table shows the change in net assets for the year ended March 31, 2008:

General Revenues	
Rent Income	\$ 47,000
Transfer from Primary Gov't	<u>11,373</u>
Total Revenues	<u>\$ 58,373</u>
Program Expenses	
General Government	<u>58,295</u>
Total Expenses	<u>\$ 58,295</u>
Change in Net Assets	<u><u>\$ 78</u></u>

CHESANING-BRADY JOINT BUILDING AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

The Authority's governmental revenues totaled \$47,000 with the only revenue source being Rent Income from Chesaning-Brady Fire Administrative Board (Primary Government).

The Authority incurred expenses of \$58,295 during the year. All of the expenses are associated with the general government functions.

The Authority's Funds

The analysis of the Authority's governmental funds begins on page 9 following the government-wide financial statements. The fund financial statements provide detailed information about the general government fund.

The General Fund pays for all of the Authority's governmental services.

General Fund Budgetary Highlights

The Authority Board did not make any budget adjustments during the year. There was an overall unfavorable budget to actual variance of \$7,147.

Capital Assets

At the end of the fiscal year, the Authority had approximately \$1,475,555 (valued at historical cost) in assets which include building and land. Accumulated depreciation recorded for the Authority's assets was \$23,393.

Current Economic Factors

Rent revenue is the only source of revenue. Chesaning-Brady Fire Administrative Board is leasing the fire station. If for some reason they are not able to pay the rent, Chesaning and Brady Township's are responsible for the rent payment.

Contacting the Authority's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Authority's finances and demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information, we encourage you to contact an Authority official at the Fire Station at (989) 845-2552.

BASIC FINANCIAL STATEMENTS

CHESANING-BRADY JOINT BUILDING AUTHORITY
STATEMENT OF NET ASSETS
MARCH 31, 2008

ASSETS

Capital and Cash Equivalents	\$ 22,167
Capital Assets (Net)	<u>1,452,162</u>
TOTAL ASSETS	<u>\$1,474,329</u>

LIABILITIES

Accrued Interest Payable	\$ 21,820
Bonds Payable – Due Within One Year	10,000
Noncurrent Liabilities:	
Due Beyond One Year	<u>995,000</u>
TOTAL LIABILITIES	<u>\$1,026,820</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 425,342
Unrestricted	<u>22,167</u>
TOTAL NET ASSETS	<u>\$ 447,509</u>

See accompanying notes to financial statements.

CHESANING-BRADY JOINT BUILDING AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

	<u>Expenses</u>	<u>Charges For Services</u>	<u>Program Revenues Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Net (Exp) and Revenue Changes in Net Assets Total Governmental Activities</u>
Functions/Programs					
Governmental Activities:					
Other Functions –					
Building Authority	\$(58,295)	\$ _____	\$ _____	\$ _____	\$(58,295)
	<u>\$(58,295)</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$(58,295)</u>
General Revenues					
Transfer – Investment in					
Capital Assets					\$ 11,373
Rent Income					<u>47,000</u>
TOTAL GENERAL REVENUES					<u>\$ 58,373</u>
Change in Net Assets					\$ 78
Net Assets – Beginning					<u>447,431</u>
NET ASSETS – ENDING					<u>\$447,509</u>

See accompanying notes to financial statements.

CHESANING-BRADY JOINT BUILDING AUTHORITY
BALANCE SHEET
MARCH 31, 2008

	Governmental <u>Activities</u>
ASSETS:	
Cash and Cash Equivalents	<u>\$22,167</u>
FUND BALANCE:	
Unrestricted	<u>\$22,167</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$22,167</u>

See accompanying notes to financial statements.

CHESANING-BRADY JOINT BUILDING AUTHORITY
GOVERNMENTAL FUND
RECONCILIATION OF FUND BALANCE OF GOVERNMENTAL FUND
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
MARCH 31, 2008

Total Fund Balances for Governmental Funds	\$ 22,167
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Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds	1,452,162
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Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long-term – are reported in the statement of net assets

Balances as of March 31, 2008 are as follows:

Accrued Interest	(21,820)
Bonds Payable	<u>(1,005,000)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 447,509</u>
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See accompanying notes to financial statements.

CHESANING-BRADY JOINT BUILDING AUTHORITY
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2008

REVENUES:

Rent Income	\$ 47,000
TOTAL REVENUES	<u>\$ 47,000</u>

EXPENDITURES:

Capital Expenditures:	
Building	\$687,144
Principal Payment	10,000
Interest Expense	13,024
Bank Charges	<u>58</u>
TOTAL EXPENDITURES	\$710,226

OTHER FINANCING SOURCES (USES):

Transfer In	\$ 11,373
Bond Proceeds	<u>659,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$670,373</u>

NET CHANGE IN FUND BALANCE	\$ 7,147
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Fund Balance – Beginning	<u>15,020</u>
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FUND BALANCE – ENDING	<u><u>\$ 22,167</u></u>
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See accompanying notes to financial statements.

CHESANING-BRADY JOINT BUILDING AUTHORITY
GOVERNMENTAL FUND
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

Net Change in Fund Balances – Total Governmental Funds	\$ 7,147
Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds	
Proceeds from Bonds	(659,000)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation Expense	(23,393)
Capital Expenditures – Building	687,144
Repayment of principal is an expenditure in the government funds but reduces the liability in the Statement of Net Assets	
Repayment of Long-Term Debt	10,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
Change in Accrued Interest	<u>(21,820)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 78</u>

See accompanying notes to financial statements.

CHESANING-BRADY JOINT BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Chesaning-Brady Joint Building Authority was incorporated in January, 2005, under the provisions of Act 31, P.A. 1948, as amended. The incorporating Townships each hold a percentage share of the project. The percentage share of Brady Township is 32.5% and the percentage share of Chesaning Township is 67.5%. The Authority operates under a commission of members as appointed by the Township Boards of Chesaning and Brady. The powers and duties of the Authority are to acquire, furnish, equip, own, improve, enlarge, operate, lease, sell, mortgage, convey, and/or maintain a building or buildings, automobile parking lots or structures, recreational facilities, stadiums, and the necessary site or sites therefore, together with the appurtenant properties and facilities necessary or convenient for the purposes of the Incorporating Townships.

REPORTING ENTITY

The financial reporting entity of the Chesaning-Brady Joint Building Authority is included in the general purpose financial statements of its primary government, the Chesaning-Brady Fire Administrative Board, as a discretely presented component unit. The decision to include the component unit in the primary government reporting entity was made by applying the criteria set forth in Statement 14 of the Governmental Accounting Standards Board (GASB), the Financial Reporting Entity as well as the Statement of Michigan Governmental Accounting and Auditing No. 5, which defines the reporting of primary government and component unit activities. The basic criterion for including a governmental department agency, institution, commission, public authority or other governmental organization in a primary governmental unit's general purpose financial statements is the exercise of financial responsibility over such agencies by the governmental unit's elected officials, the selection of the governing authority, the designation of management, and the ability to exercise significant influence over operations.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly excluded from program revenue are reported as general revenues.

CHESANING-BRADY JOINT BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

BUDGETS AND BUDGETARY ACCOUNTING

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The annual budget is approved by the Commissioners prior to the beginning of the year. The operating budget for the fiscal year beginning on the following April 1, includes proposed expenditures and the means of financing them.
2. Any revisions that alter the total expenditures of the Authority must be approved by the Commission.
3. The budget for the General Fund was adopted on the basis prescribed in P.A. 621 of 1978, as amended, which is consistent with accounting principles generally accepted in the United States of America. The budget of the General Fund is adopted on a fund basis; thus expenditures may not legally exceed the budgeted total for the fund.
4. The budget is presented as originally adopted. All appropriations lapse at fiscal year end.

RECEIVABLES

Receivables are recognized for all significant amounts due the Authority. Valuation reserves have not been provided for since collection is not considered doubtful and any uncollected amounts would be immaterial. At year end, the Authority had no receivables.

CHESANING-BRADY JOINT BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ENCUMBRANCES

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight line method over the following useful lives:

Building and Improvements	15 to 40 years
Office Equipment	5 to 7 years

COMPENSATED ABSENCES (VACATION AND SICK LEAVE)

The Authority does not have a policy for paid vacation or sick leave. There are no expenditures recorded for sick leave or vacation pay.

LONG-TERM OBLIGATIONS

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CHESANING-BRADY JOINT BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2008

NOTE 2 – CASH AND INVESTMENTS

State statutes authorize the Authority to invest its surplus funds in the following investments: certificates of deposit; savings accounts and deposit accounts with banks which are members of the Federal Deposit Insurance Corporation (FDIC); savings and loan associations which are insured by the FDIC; credit unions which are insured by NCUA; bonds, bills or notes to the United States; commercial paper rated in the three highest rate classifications established; U.S. Government or federal agency obligation repurchase agreements composed of eligible collateral whose market value must be maintained equal to or greater than the amounts advanced, and with an undivided interest; and mutual funds and investment pools composed entirely of investments which are legal for direct investment by local units of government in Michigan.

At March 31, 2008, bank deposits amounted to \$22,167 and the Authority's carrying amount was \$22,167. Of that amount, \$22,167 was covered by FDIC Insurance.

NOTE 3 – CAPITAL ASSETS

Capital assets activity of the Authority for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Building	\$716,411	\$687,144	\$	\$1,403,555
Land	72,000			72,000
Accumulated Depreciation			(23,393)	(23,393)
Net Capital Assets	<u>\$788,411</u>	<u>\$687,144</u>	<u>\$(23,393)</u>	<u>\$1,452,162</u>

CHESANING-BRDY JOINT BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2008

NOTE 4 – CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt of the Authority for the year ended March 31, 2008.

On October 26, 2006, the Authority took the first draw of a bond issuance totaling \$1,015,000. The money will be used to build a new fire building.

The Building Authority Bonds are due in annual installments of \$10,000 to \$52,000 through October 2046, plus interest of 4.375% payable semi-annually.

	<u>Beginning Balance</u>	<u>Draws</u>	<u>Payments</u>	<u>Ending Balance</u>
Building Authority Bonds	\$356,000	\$659,000	\$10,000	\$1,005,000

Annual requirements to pay future principal and interest are:

<u>October 1</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 10,000	\$ 43,969
2009	11,000	43,531
2010	11,000	43,050
2011	12,000	42,569
2012	12,000	42,044
2013 – 2017	69,000	201,775
2018 – 2022	86,000	185,325
2023 – 2027	105,000	164,938
2028 – 2032	130,000	139,781
2033 – 2037	162,000	108,675
2038 – 2046	397,000	131,918
	<u>\$1,005,000</u>	<u>\$1,147,575</u>

NOTE 5 – RELATED PARTY LEASE

The Chesaning-Brady Joint Building Authority signed a lease on August 1, 2006 with Brady Township (32.5%) and Chesaning Township (67.5%). This lease calls for each Township to be responsible to the Authority for their respective shares of the annual bond principal and interest due. The Township's in turn subleased the Fire Station to Chesaning – Brady Fire Administrative Board. The Fire Board will pay the Authority at least the amount needed to pay the annual bond and interest payments.

CHESANING-BRDY JOINT BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2008

NOTE 6 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, errors, omissions, injuries to employees, and natural disasters. The Authority manages risk through insurance coverage provided by the Incorporating Townships.

NOTE 7 – CONSTRUCTION COMMITMENTS

The Authority has committed \$1,353,000 to the building of a new fire hall for use by the Chesaning-Brady Fire Administrative Board. Of that, \$1,015,000 was provided by the bonds and the balance was to be paid by the Entity.

NOTE 8 – ECONOMIC DEPENDENCY

The Incorporating Units of Chesaning (67.5%) and Brady (32.5%) Townships are responsible, in their appropriate share, for the payment of the bonds and expenses of the building.

REQUIRED SUPPLEMENTAL INFORMATION

CHESANING-BRADY JOINT BUILDING AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED MARCH 31, 2008

	Budgeted Amounts			Actual (Over) Under Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Rents	\$ _____	\$ _____	\$ 47,000	\$ (47,000)
TOTAL REVENUES	\$ _____	\$ _____	\$ 47,000	\$ (47,000)
EXPENDITURES				
Bank Charges	\$ _____	\$ _____	\$ 58	\$ (58)
Building			687,144	(687,144)
Principal Payment LT Debt	10,000	10,000	10,000	
Interest Expense	<u>45,000</u>	<u>45,000</u>	<u>13,024</u>	<u>31,976</u>
TOTAL EXPENDITURES	\$ 55,000	\$ 55,000	\$710,226	\$(655,226)
OTHER FINANCING SOURCES (USES)				
Transfer In	\$ 55,000	\$ 55,000	\$ 11,373	\$ 43,620
Bond Proceeds	_____	_____	<u>659,000</u>	<u>(659,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$670,373</u>	<u>\$(615,373)</u>
Net Change in Fund Balance	<u>\$ _____</u>	<u>\$ _____</u>	\$ 7,147	<u>\$ (7,147)</u>
Fund Balance – Beginning of Year			<u>15,020</u>	
FUND BALANCE – END OF YEAR			<u>\$ 22,167</u>	

See accompanying notes to financial statements.

OTHER SUPPLEMENTAL INFORMATION

CHESANING – BRADY JOINT BUILDING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2008

SUMMARY OF EXPENDITURES OF FEDERAL AWARDS

<u>Federal Grantor/Pass- Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:		
Rural Development Community Facilities Loans and Grants	10.766	<u>\$659,000</u>

CHESANING – BRADY JOINT BUILDING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Chesaning – Brady Joint Building Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

AUDITOR'S REPORTS



DEMIS and WENZLICK, P.C.

Certified Public Accountants

James Demis, Jr., C.P.A.
LaVearn G. Wenzlick, C.P.A.
Lori S. Chant, C.P.A.
Geraldine Terry, C.P.A.

217 N. Washington Street
Pabst Building, Suite 201
Owosso, MI 48867

989-723-8227 • FAX 989-725-5143
E-MAIL office@dw-cpa.com

Tracy Bublitz
Vickie Clayton
Carol Demis
Jeannette Gaitskill
Kathy Kimmerer
Erica Marks
Janis Mead
Tammy Pappas
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of Commission
Chesaning – Brady Joint Building Authority
Chesaning, Michigan

We have audited the financial statements of Chesaning – Brady Joint Building Authority as of and for the year ended March 31, 2008, and have issued our report thereon dated August 27, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Chesaning – Brady Joint Building Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chesaning – Brady Joint Building Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. This report is intended solely for the information and use of management and United States Department of Agriculture Rural Development and is not intended to be and should not be used by anyone other than these specified parties.

Dennis and Wenzlich, P.C.

Owosso, Michigan
August 27, 2008



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Member of Commission
Chesaning – Brady Joint Building Authority
Chesaning, Michigan

Compliance

We have audited the compliance of Chesaning – Brady Joint Building Authority with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended March 31, 2008. Chesaning – Brady Joint Building Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Chesaning – Brady Joint Building Authority's management. Our responsibility is to express an opinion on Chesaning – Brady Joint Building Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chesaning – Brady Joint Building Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Our audit does not provide a legal determination of Chesaning – Brady Joint Building Authority's compliance with those requirements.

In our opinion, Chesaning – Brady Joint Building Authority complied, in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended March 31, 2008.

Internal Control Over Compliance

The management of Chesaning – Brady Joint Building Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Chesaning – Brady Joint Building Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures of the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in an Authority's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dennis and Wenglick, P.C.

Owosso, Michigan
August 27, 2008

CHESANING – BRADY JOINT BUILDING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

____yes Xno

Significant deficiency(ies) identified that are not
considered to be material weakness(es)?

____yes Xnone reported

Noncompliance material to financial statements noted?

____yes Xno

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

____yes Xno

Significant deficiency(ies) identified that are not
considered to be material weakness(es)?

____yes Xnone reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported
in accordance with 510(a) of OMB Circular A-133?

____yes Xno

Identification of major programs:

CFDA Number

10.766

Name of Federal Program

U.S. Department of Agriculture

Rural Development

Community Facilities Loans and Grants



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Chesaning-Brady Joint Building Authority
Saginaw County, Michigan

In compliance with the provisions of Section 11, Paragraph 2, of Act 2, Public Acts of 1968, we wish to render our report of comments and recommendations which were formulated as a result of the examination our firm performed on the financial statements of the Chesaning-Brady Joint Building Authority for the year ended March 31, 2008.

As a result of our examination of the Authority's financial statements, we make the following comments:

BUDGET

P.A. 621 of 1978, includes a budgeted compliance requirement in budgeting. It is required under this act that actual expenditures do not exceed budgeted expenditures. Any amendments to the budget must be made before March 31, 2008.

GENERAL LEDGER

The general ledger is an important accounting tool, an important internal control and a state mandated record. The Building Authority did maintain a general ledger during the year ended March 31, 2008, however, it was not balanced monthly.

BANK RECONCILIATION

We could not locate bank reconciliations. Monthly reconciliations of all cash accounts is required by the State of Michigan.

We would like to thank the Authority for the excellent cooperation we received in performing the Authority audit. If we can be of any further assistance to the board in implementing these recommendations or any other Authority business please contact us.

Demis and Wenzlick, P.C.

Certified Public Accountants

Owosso, Michigan
August 27, 2008